

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING	)	
OF COMMERCIAL PROPANE SERVICE, LLC	)	CASE NO.
D/B/A BRIGHT'S PROPANE SERVICE	)	2018-00006

ORDER

On, February 15, 1991, in Case No. 1990-00091,<sup>1</sup> the Commission approved rates for Bright's Propane Service, Inc. ("Bright's Propane") and provided for their further adjustment on a quarterly basis in accordance with Bright's Propane's Gas Cost Adjustment ("GCA") clause. On March 5, 2008, Heritage Propane acquired the assets of the former Bright's Propane and adopted Bright's Propane's tariffs. On October 11, 2013, the Commission approved the acquisition of Bright's Propane by Amerigas Partners, L.P. and Amerigas Propane, L.P.<sup>2</sup> On November 26, 2014, the Commission approved a transfer of control of Bright's Propane to Commercial Propane Service, LLC.<sup>3</sup>

On January 3, 2018, Bright's Propane filed its proposed Gas Cost Recovery ("GCR") rate application, to be effective February 1, 2018. On January 5, 2018, Bright's

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<sup>1</sup> Case No. 1990-00091, *Jurisdictional Status of Brights Propane Service, Inc.'s Propane Distribution System* (Ky. PSC Feb. 15, 1991).

<sup>2</sup> Case No. 2013-00241, *Application of Amerigas Partners, L.P. and Amerigas Propane L.P. for Approval of the Acquisition of the Utility Assets of Heritage Operating L.P. D/B/A Bright's Propane Service, Inc. and for Authority to Abandon the Pipeline System and Serve Customers by Other Means* (Ky. PSC Oct. 11, 2013).

<sup>3</sup> Case No 2014-00250, *Joint Application of Amerigas Partners, L.P. and Commercial Propane Service LLC for Approval of Commercial Propane Service LLC's Acquisition of Amerigas Partners, L.P.'s Utility Assets in Old Bridge Subdivision, Danville, Kentucky* (Ky. PSC November 26, 2014).

Propane filed revisions to its application.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Bright's Propane's notice includes revised rates designed to pass on to its customers its expected change in wholesale propane costs.

2. Bright's Propane's notice sets out an Average Gas Cost ("AGC") of \$31.82 per Mcf. Bright's Propane calculated its AGC using the price it paid for its most recent propane purchase, which it made on November 8, 2017.<sup>4</sup> The Commission finds that by only using one purchase, the AGC does not accurately reflect the seasonal variability in the price of propane. Therefore, Bright's Propane's AGC has been recalculated using purchases made during the 12-month period of December 2016, through November 2017. This produces a revised AGC of \$24.70.<sup>5</sup>

The Commission takes note that Bright's Propane's tariff sets out a different formula for calculating the AGC than the method it proposed in its application and the method used by the Commission. The Commission finds that given the propane purchasing practices of Bright's Propane, the formula included in Bright's Propane's tariff is not the best method to calculate the AGC. To the extent that the formula differs from the calculations as found reasonable herein, the Commission finds that a limited deviation pertaining to the calculation of the AGC should be granted. The Commission

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<sup>4</sup> Amended Application, footnote 16.

<sup>5</sup> Total Purchases for December 2016 through November 2017 were 27,836 gallons, at an average price of \$.8982 per gallon.  $$.8982 \times 27.5$  (gallons to Mcf conversion factor) = \$24.70 per Mcf.

will explore the AGC formula contained in Bright's Propane's tariff in Bright's Propane's pending Alternative Rate Filing application.<sup>6</sup>

3. Bright's Propane's notice sets out a Refund Adjustment ("RA") of (\$6.14) per Mcf to return over-recoveries of propane cost to its customers. Bright's Propane calculated its RA using a refund period of 34 months. The Commission finds that using a 34-month period to calculate its RA is reasonable given that the over-collections of propane costs occurred over a 34-month period. In Bright's Propane's subsequent GCR applications, it should file a schedule showing the amount refunded to customers. Bright's Propane should file its first refund schedule when it files its GCR application for rates effective August 1, 2018. The schedule should show the amount refunded from February 1, 2018, through April 30, 2018, with subsequent GCR applications providing information for the three-month Actual Adjustment ("AA") review period.

4. Because Bright's Propane is reconciling its previous net over-collection of propane costs through its RA, the Commission finds that Bright's Propane's current quarter AA and total AA should be set to \$0.00 per Mcf. Bright's Propane shall file its first quarterly AA to reconcile the \$24.70 AGC approved herein when it files its GCR application for rates effective August 1, 2018.

5. Bright's Propane's notice sets out no current quarter Balance Adjustment ("BA"), and no total BA.

6. Bright's Propane's GCR rate is \$18.56 per Mcf. Bright's Propane's total billing rate, which includes its approved \$.01500 per cubic foot overhead charge, is \$33.56 per Mcf, or \$.03356 per cubic foot.

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<sup>6</sup> Case No. 2017-00343, *Electronic Application of Commercial Propane Service, LLC D/B/A Bright's Propane Service, Inc. for an Alternative Rate Adjustment*. (filed Dec. 6, 2017)

7. The rates set forth in the Appendix to this Order are fair, just, and reasonable, and should be approved for service rendered by Bright's Propane on and after February 1, 2018. Although Bright's Propane did not provide 30 days' notice to the Commission as required by its tariff, KRS 278.180(2) authorizes the Commission to make a reduction in rates effective in fewer than 30 days.

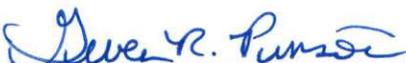
IT IS THEREFORE ORDERED that:

1. The rates proposed by Bright's Propane are denied.
2. The rates set forth in the Appendix to this Order are approved for service rendered on and after February 1, 2018.
3. A limited deviation from the AGC formula contained in Bright's Propane's tariff is granted for this case.
4. Within 20 days of the date of entry of this Order, Bright's Propane shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

By the Commission

ENTERED  
JAN 29 2018  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

Case No. 2018-00006

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2018-00006 DATED **JAN 29 2018**

The following rates and charges are prescribed for the customers in the area served by Bright's Propane. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

First 400 cubic feet of usage	\$13.42	Minimum bill
Above 400 cubic feet of usage	\$ .03356	Per Cubic Foot

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